

THE HISTORY OF MONEY



PAINTING ON PAPER FROM YANG HSIU-CHU, MINGDING, PEKING MUSEUM, EXHIBIT MUSEUM

618-907

The First Paper Currency: “Flying Money”



Kwan Note

“Flying Money,” dating back to the Tang dynasty (618-907), were the earliest currency notes known to society. The name may be a derivative from the fact that, being paper, the notes were easily swept or blown around by the wind.

They were actually receipts for goods delivered by merchants to the state when a scarcity of coins made cash payments impossible.

Kwan Notes—a later name for flying currency referring to the denominational value: one kwan=1000 wen (cash)—were an ingenious product of the mulberry tree bark. Kwan notes were more widely used in the early years of the Ming dynasty (1368-1644). Counterfeiting was punishable as a capital offense.



PAINTING ON PAPER FROM TANG DYNASTY
WENSHANG, PELLLOT MISSION, CEHDET MUSEUM

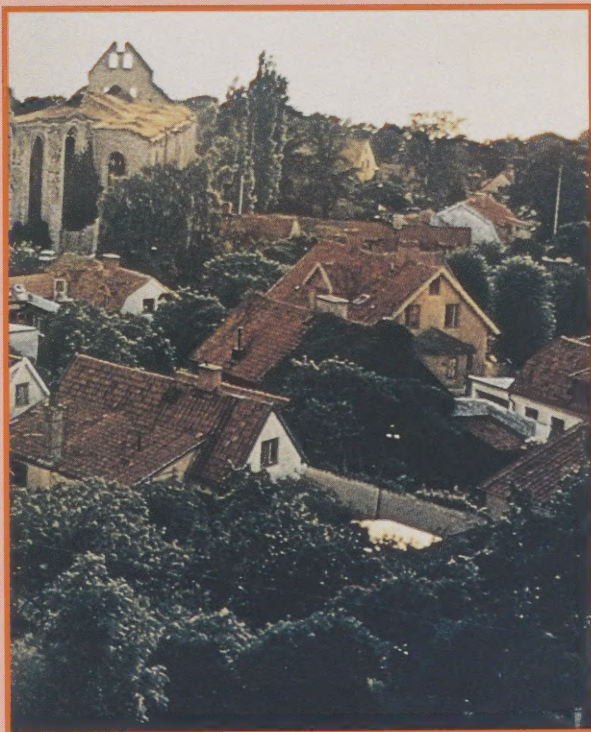
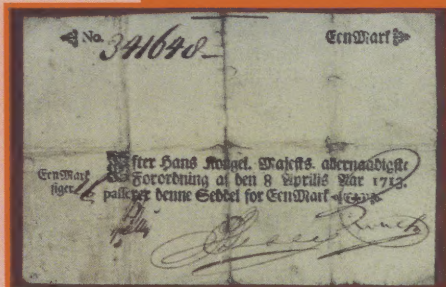
1661

Swedish Currency

Credit Notes or Kreditivsedlar, the earliest paper money issued in western Europe (1661), were products of the early bankers of Sweden. A great outburst of European prosperity, beginning with the 14th

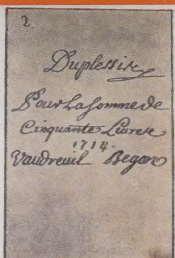
century, created immense power for a few influential banking families. They accepted deposits in money or goods, recorded them in their books, and gave receipts which were deemed negotiable securities and therefore assumed the functions of money.

The Stockholm banco was the first to issue these notes which carried eight signatures and were watermarked to prevent counterfeiting.



1685

French Playing Card Currency



Playing Card Currency

In 1685, French Canadians were facing a shortage of coins because the mother country needed specie (coin) to finance a war. With no

paper money available, colonial authorities developed an innovative idea—Playing Card currency. Each card was overprinted with a value according to its number or face, its worth guaranteed by official signatures. Included as currency were full-sized cards, quarter cards, and clipped portions of cards.

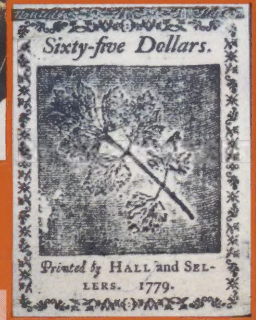


1775 Colonial Money

In 1775, the American colonies were on the verge of rebellion. Coins were being hoarded and became so scarce that the Continental Congress authorized its first issue of paper money. Having no power of taxation, the Congress charged its bills against the faith of the "Continent." At first intended only in anticipation of future taxes, the notes began to be used in exchange and came to be called "Continental Currency" or "Continentials." As early as 1777, depreciation set in resulting in almost complete devaluation of these notes and the phrase "not worth a Continental" became rooted in the language.



Colonial
Currency



Continental



1861

Greenbacks; Fractional Currency

In 1861, the first paper money of the United States Government was issued. Congress, forced by a shortage of coins to authorize the issue of paper money, produced **Demand Notes** for the purpose of financing the Civil War.

These notes gave the bearer the right to redeem them in specie "on demand." Green was selected as the color for these notes because of its availability in large quantity and its relatively high resistance to chemical and physical changes. Thus, "**greenbacks**" were born and soon became the main currency in the North. They were engraved and printed by private banknote companies but signed by Treasury employees.

Also issued in lieu of coin during the Civil War were **Fractional Currency Notes**. Although many were produced by private companies, these notes also represent the first currency wholly produced by the Department of the Treasury.

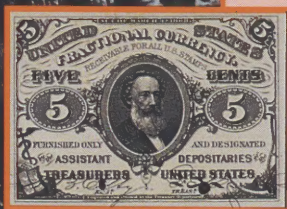
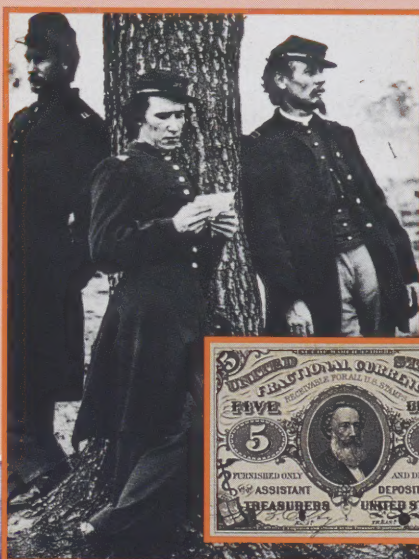
Fractional currency were unique miniature notes (also known as postage currency), issued during the Civil War and for some ten years after, in denominations of 3, 5, 10, 15, 25, 50 cents.



\$10 Demand Note, back



\$10 Demand Note, front



**5 Cent
Fractional
Currency**

1862

The Bureau of Printing and Engraving



\$100 U.S. Note, front



\$20 Gold Certificate, back

The year 1862 marked a new beginning in the production of paper currency: The Department of the Treasury began its first work in connection with the printing of currency. Some notes of this period, all authorized in 1863, were **National Bank Notes**, issued by private banks under government charter; **Interest Bearing Notes**, the first to bear the Treasury Seal and the second in sequence of paper money issued by the United States government; **Compound Interest Treasury Notes** (wholly printed by the Bureau); and **Gold Certificates**.

On August 29, 1862, in the basement of the main Treasury building four women and two men began to separate and seal \$1 and \$2 **United States Notes** printed by private companies and engraved with the signatures of Treasury officials. The actual printing of currency notes by Treasury employees began in 1863; by 1869 the "Engraving and Printing Bureau" was recognized by congressional legislation. By 1877 all United States currency was engraved and printed by the Bureau.

U.S. Treasury, Washington



1880

The Bureau's First Home

*First home of
the bureau,
Washington
D.C.,
Circa 1880*



In 1880, the Bureau moved into a home of its own. The building, a red-brick Romanesque structure, was completed at

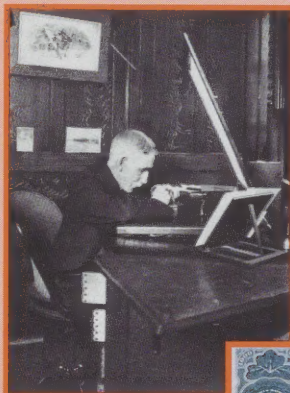
a cost of \$300,000 and ready for occupancy by July 1, 1880. In the years that followed, many additions were constructed to house the Bureau's expanding production needs.

Some of the securities added to the Bureau's growing list during the late 1800s were **Silver Certificates**, renowned for their rich variety of subject matter and unusual designs;



Guarded van that carried millions of dollars in securities between the Bureau and the Treasury. circa 1880

and **Treasury Notes**, issued in payment for silver bullion purchased by the treasury. These notes were numbered, bore the Treasury seal and the signatures of the Register and the Treasurer.



*Marcus W. Baldwin,
Picture Engraver
circa 1880*

*Treasury "Watermelon"
Note, back*



1913

Federal Reserve Notes



\$5000
Small size
FRN, front

Federal Reserve notes were first authorized by the Federal Reserve Act of December 23, 1913. These large-size notes were reduced to their present day size in 1929 after 20 years' controversy surrounding the achievement of that goal: since the number of notes produced annually had reached astronomical figures by the 1920s, it was realized that many millions of dollars could be saved if our currency was reduced in size. On July 10, 1929, the first of our current, reduced size notes were placed in circulation.

By 1906 the Bureau property was fully occupied and further extensions to the building were out of the question. On March 19, 1914 the Bureau's new home on 15th Street was formally occupied. To house its continually growing industry, the Bureau added an annex building in 1938.

**Main Bureau building at time of completion,
1914**



**Bureau Annex,
Officially opened
on May 17, 1938**

1990 *Present Day Currency*



Federal Reserve Notes, the only paper currency issued since the beginning of 1971, are the only United States paper currency produced today for general circulation. These notes are issued to 12 Federal Reserve Banks throughout the country and from them to the member banks and public.

15th Street view of the Bureau of Engraving and Printing



The Bureau of Engraving and Printing is responsible for the design, engraving and printing of all United States paper currency. A world leader in printing technology, the Bureau is also the world's largest printer of paper securities.

Today, the Bureau continues the traditional expertise of quality craftsmanship. The endurance of the same unique artistry is assured by using the same basic tools employed over 125 years ago to engrave dies used for printing currency; the graver, burnisher, and hand held glass.



Currency Examiner



Engraver's tools; gravers, burnisher, hand-held glass, and steel die

1991

Western Currency Facility

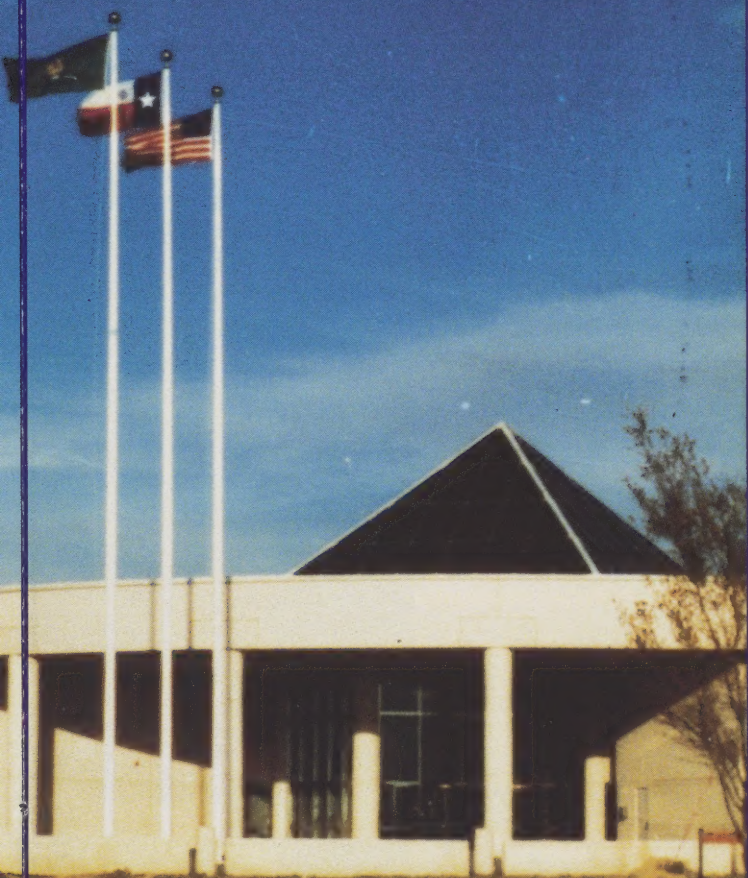


*A small FW will distinguish the
FW notes from those printed
at the Bureau of Engraving
and Printing facility in
Washington, D.C.*

The Western Currency Facility was created by an alliance of local citizens, business and city leaders, and the U.S. government. Fort Worth, Texas was selected from among 80 cities as the site for the Western Currency Facility. Officially dedicated on April 26, 1991, the facility produces one-quarter of the nation's currency supply.

The Western Currency Facility is located at 9000 Blue Mound Road in Fort Worth.





1992

Your Money Matters...

In 1986 a recommendation was approved by the Secretary of the Treasury to change the design of U.S. currency to enhance its counterfeit deterrence characteristics. It was determined that a denominated security thread and microprinting were the best alternatives to thwart the threat from advanced reprographic equipment.

In August of 1991, \$100 bills with the new security features were issued into circulation. However, it was in 1992 that more frequently used currency denominations were put into circulation with these new features. In March of 1992 the \$50's were released; in October the \$20's were issued; and in November the \$10's were put into circulation.

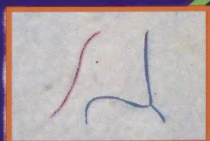
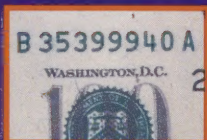


SECURITY THREAD:
Embedded Polyester Strip with repeated USA 50 or USA 100 in an up-and-down pattern. Visible when held to light. Cannot be reproduced in the reflected light of copiers.



MICROPRINTING:
"The United States of America" is printed repeatedly on the sides of the portrait. The letters are too small to read without magnification or for distinct copier reproduction.

SERIAL NUMBERS:
Two serial numbers are distinctively styled and evenly spaced. Ink color is the same as the Treasury seal. No notes of the same series and denomination have the same serial number.



FIBERS:
Tiny red and blue fibers are embedded in the paper.

KNOW YOUR MONEY

*New features to deter counterfeiting
with advanced copiers, scanners,
and printers*

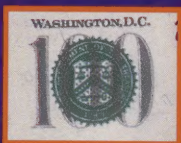
FEDERAL RESERVE

SEAL: The issuing Federal Reserve Bank code letter is the same as the first letter in the two serial numbers.

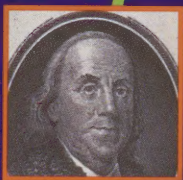


TREASURY SEAL:

Sawtooth points are sharp, distinct and unbroken. The seal's color is the same as the two serial numbers.



BORDER: The border's fine lines and lacy, weblike design are distinct and unbroken.



PORTRAIT

Lifelike portrait is distinct from the fine, screened background.



DENOMINATION:

The note's value on the corners is the same as over the Treasury seal.

*Printed by the
Bureau of Engraving and Printing
14th & C Streets, S.W.
Washington, D.C. 20228*

BEP P19
Orig. 9-94